Judge:	Hon. Marc L. Barreca
Chapter:	Chapter 7
Hearing Date:	June 22, 2012
Hearing Time:	9:30 a.m.
Hearing Site:	700 Stewart St, #7106 Seattle, WA 98101

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: ADAM GROSSMAN, Debtor.	Case No. 10-19817 **SUPPLEMENTAL STATEMENT REGARDING TRUSTEE'S MOTION TO APPROVE SETTLEMENT OF ISSUES RELATING TO REAL PROPERTY LOCATED AT 868 MONTCREST DRIVE, REDDING, CALIFORNIA**

Ron Brown, Chapter 7 trustee in this case files this supplemental statement regarding the Trustee's Motion to Approve Settlement of Issues Relating to Real Property Located at 868 Montcrest Drive, Redding, California as set forth below.

The hearing on the Trustee's Motion to Approve Settlement of Issues Relating to Real Property Located at 868 Montcrest Drive, Redding, California ("Trustee's Motion") was held on June 1, 2012 ("Montcrest Hearing"). At the Montcrest Hearing the Court continued the matter until June 22, 2012 and directed the trustee to file a supplemental proceeding setting forth 1) what effect it would have on this estate if the Court did not abide by the asset and liability split set forth in the Decree of Dissolution and instead found that all assets and liabilities set forth in

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the Decree of Dissolution constituted property of the estate; and 2) an estimate of what it would cost in terms of legal fees to try and void the division of assets and liabilities in the Decree of Dissolution; 3) a spreadsheet showing division of assets and liabilities.

This case has generally focused on four pieces of real property, each of which was transferred post-petition by the debtor:

- 868 Montcrest Drive, Redding, California ("Montcrest Property");
- 20710 Glennview Drive, Cottonwood, California ("Glennview Property");
- 1679 Strauss Lane, Redding, California ("Strauss Lane Property");
- 773 Metro Way, Redding, California. ("Metro Way Property").

At the Montcrest Hearing the Court asked if there were any other properties that were dealt with in the Decree of Dissolution entered on or about December 14, 2010. Moewes said no. She forgot about the one additional property that the Grossman community owned which is located at 6821 39th Avenue NE, Seattle, Washington ("Seattle Property"). The Seattle Property has not been the subject of any of the pleadings filed to date in this case and was not transferred by the debtor post-petition. According to the Decree of Dissolution, the fair market value of the Seattle Property is $480,000.00. The total liens against the Seattle Property are $600,629.00. The wife was awarded the Seattle Property and the liens in the Decree of Dissolution. The Seattle Property liens exceed the value of the Seattle Property by $120,629. The debtor, Adam Grossman, was not awarded any of the debt associated with the Seattle Property.

The Decree of Dissolution is attached to the previously filed Declaration of Denice Moewes (Docket #343). The last two pages of the Decree of Dissolution is a spreadsheet prepared by the State Court Judge showing whom was awarded what assets and liabilities. The chart shows that each party was awarded community assets and liabilities of $151,150.00. In addition the wife was awarded $27,735 of funds in her retirement fund as her separate property. Adam Grossman was also awarded, as his separate property, the 1679 Strauss Lane Property and the 773 Metro Way Property.

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Thus, it appears that the Superior Court equally divided the assets and liabilities between Mr. Grossman and his ex-wife Jill Borodin.

The Court asked for the Trustee to state the best case scenario of the Trustee were to ultimately prevail on a motion to have all of the community property and liabilities to be declared property of this estate for the purposes of paying community debt.

Strauss Lane

FMV	$135,000.00
1st position deed of trust	$ 70,000.00
2nd position deed of trust	$ 88,000.00
8% costs of sale	$ 10,800.00
Net equity to estate	-$ 33,800.00[1]

20710 Glennview Drive

FMV -	$245,000.00
10% costs of sale	$ 24,500.00
Net equity to estate	$220,500.00

773 Metro Way

FMV	$160,000.00
1st position deed of trust	$ 91,000.00
10% costs of sale	$ 16,000.00
Net equity to Estate	$ 53,000.00

868 Montcrest

FMV	$175,000.00
10% costs of sale	$ 17,500.00
Net equity in property	$157,500.00

Estimated legal fees in attempting To obtain order that Montcrest property can be used to pay community debt.	$ 25,000.00

Less community claims that would come back to estate if order obtained:

Seattle Property	$120,629.00[2]
Sallie Mae Student Loan	$ 66,253.00

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[1] The trustee is attempting to get the second position trust holder to agree to a short sale.

[2] This assumes that the Seattle Property is sold and the secured creditors who are unpaid file unsecured deficiency claims.

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Costco Am Ex	$ 124.00
AA Visa #7563	$ 9,985.00
AA Visa #5286	$ 3,281.00
UA Air MC #7694	$ 873.00
Net equity to estate	$201,145.00

Based on the foregoing analysis it is the trustee's belief that if the Decree of Dissolution were invalidated, the Seattle Property and the Montcrest Property deemed property of the estate, and all liabilities declared liabilities of this estate, there would be a negative net impact on this estate in the amount of $43,645.00 ($201,145 - $157,500). Avoiding the Decree of Dissolution would appear to be an all or nothing deal, i.e., the trustee would not be able to bring the assets back into the estate without bringing in the liabilities.

Based on the foregoing the Trustee believes that it is in the best interests of the estate to approve the Trustee's Motion.

Dated this 13th day of June, 2012.

WOOD & JONES, P.S.

/s/ Denice E. Moewes
Denice Moewes, WSBA#19464
Attorney for Trusee

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